

House Budget Committee
Republican Freshman Member of Congress
Presentation of Priorities
By Rep. Ed Schrock
February 7, 2001

Mr. Chairman, members of the Committee:

It is a tremendous honor to be here today to detail the priorities shared by the 28 Republican freshmen Members of Congress.

As you know, the Budget Resolution frames our agenda and priorities on both taxes and spending for the coming fiscal year and beyond.

I will first discuss our priorities on tax relief for every American.

In our view, President Bush's tax relief proposal is fair, responsible and allows the typical American family to keep at least \$1,600 more of their own money.

The President's tax proposal will cut taxes for everyone who pays income taxes, spur economic growth and tear down the high tax barriers that keep low income Americans from accessing the middle class.

Specifically, we support the following provisions:

- Replace the current five rate tax structure with four lower rates – 10, 15, 25 and 33 percent.
- Double the child tax credit to \$1,000.
- Eliminate the marriage penalty
- Eliminate the death tax
- Expand the charitable deduction to include those who file with a 1040 EZ or Short form.
- Make the research and development tax credit permanent.

We strongly support the President's tax plan because low and middle-income families are the biggest winners.

For instance,

- One in five taxpaying families with children will no longer pay any income tax at all – completely removing six million American families from the tax rolls.
- A family of four making \$35,000 would get a 100% federal income tax cut.
- A family of four making \$50,000 a year would receive a 50% cut – receiving at least \$1,600.
- The marginal income tax rate on low-income families will fall by more than 40%.

There is no doubt that American families need a tax cut. Indeed, the reason we're enjoying surpluses is that we are taxing too much. We simply must cut taxes for the following reasons:

- The current tax code is unfair. Under the current system, a single mom making \$22,000 a year pays a higher marginal tax rate than someone making \$200,000 per-year.
- Federal taxes are the highest ever during peacetime.
- Americans pay more in taxes than they spend on food, clothing and housing combined.
- Americans work more than four months per year just to pay their tax bills.
- Recent layoffs by businesses of every size prove that the American economy needs a boost – quickly.

Many of us also support other tax cuts including education expense tax credits, expanding Medical Savings Accounts, IRA expansion and pension reform, repeal of the Spanish American War phone tax, small business tax cuts and cuts in the capital gains tax rates. But to reiterate, we unanimously support President Bush's tax proposal.

At this point in my remarks I would like to turn to our priorities on federal spending.

For many of us, our highest spending priority is national defense. The Congress of the United States is constitutionally charged with providing for the common defense, raising and supporting armies, and providing and maintaining a Navy.

In our view, spending on national defense must be increased to provide for pay raises for all military personnel, force modernization and maintenance, overseas

deployments, and the acquisition of modern weapons systems that will maintain our military supremacy on the seas, on land and in the air.

Social Security and Medicare must be financially secured for current and future generations. We support securing Social security and Medicare surpluses so that these funds cannot be used on general appropriations.

However, there is tremendous concern about a Department of Health and Human Services Office of Inspector General report that disclosed waste, fraud and abuse totaling \$13.5 BILLION, or about 8%, of the amount spent on fee for service reimbursements at the Health Care Financing Administration.

In order to maintain the integrity of the Medicare and Social Security systems, strong and successful efforts must be undertaken by all appropriate federal agencies to ensure that Medicare and Social Security fraud is eliminated.

Furthermore, it appears to us that entitlement reform is critical to the long-term financial viability of the United States government. Social Security, Medicare, Medicaid, Welfare and other mandatory federal entitlements now total more than \$1 TRILLION per year.

Because of our aging population, the projected growth rate of these entitlement programs is staggering. Congress must work in a bipartisan manner with the President to reform these entitlements before they consume even more of our tax dollars and make tax increases inevitable.

In the arena of education spending, we support local control of schools. Federal education spending should require accountability measures at the state level; however, federal education dollars otherwise should come with little or no strings attached.

As a former state legislator, I know that parents, teachers and local schools can determine what is best for their own community. While we support increased education spending at the federal level, these new funds should not be accompanied by new mandates that stifle creativity and burden our local schools.

And finally, I would like to discuss the federal debt. We applaud Congress's record of paying down \$625 billion in debt over the past four years. The

Republican freshman class is strongly committed to continuing these important efforts to reduce the federal debt in a responsible manner.

The near elimination of the federal debt will result in lower interest rates and would provide, in essence, another tax cut for families who mortgage homes and finance the purchase of automobiles.

In conclusion, Mr. Chairman, we stand ready to work with you and this Committee to develop a Budget Resolution that provides tax relief for every American family and a spending blueprint that will strengthen America's military, improve education for our children, pay down the national debt and protect Social Security and Medicare.

Thank you, Mr. Chairman for the opportunity to address the Budget Committee.